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AUGUST 29, 1966

ROADBLOCKS TO LIBERALIZING WORLD'S AGRICULTURAL TRADE

INTERNATIONAL FINANCING ORGANIZATIONS THAT AID TRADE

THAI LIVESTOCK PROGRAM

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

AUGUST 29, 1966

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Coffee is loaded aboard ship in Port of Paranaguá, Brazil. Highlights of this country's agriculture and trade appear on page 12—one of a series of country profiles featured each week by FOREIGN AGRICULTURE.

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Roadblocks to Liberalizing World's Agricultural Trade

Though trade has been increasing steadily, it is slowed down by national protectionism, trading blocs, and the economies of underdeveloped countries.

By SHERWOOD O. BERG
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An important economic objective of liberalizing and expanding international trade is to assure world industrial and agricultural competition as a means of rationalizing or harmonizing production more closely to the principle of comparative advantage.

Liberalized international trade contributes to increased consumer welfare through product prices based upon worldwide competitive efficiency. Moreover, it contributes to world economic growth through savings of resources for new investment. In general, liberalized trade has its greatest attraction among industrialized economies and to those interested in national and international development during periods of full employment. Moreover, it should be easiest to negotiate reciprocally among nations in the form of reduced tariffs.

Enhancing farmers' market power

As an industry, agriculture does not generally possess internal control and, therefore, has not effectively exercised private market power on its own behalf. Moreover, because of agriculture's inherent sensitivity to supply and demand factors on the market, farm prices and farm incomes fluctuate greatly. Governments throughout most of the developed world have extended commodity price support and marketing programs to enhance the farmer's relative market power during periods of low prices. This has usually been done either through direct market intervention in the case of exporting countries, or through high tariffs and threshold levies in the case of importing countries.

For example, strong economic arguments against high European farm protectionism can be made on the basis that protectionism fails to bring about efficiencies which might be achieved through more rapid structural change of that agriculture. This argument, of course, has its greatest political disadvantage for governments of countries with proportionally high farm and rural populations, even though these countries may be in greatest need of structural change in agriculture.

For export-oriented agriculture, the principle of liberal trade for greater competitive efficiency is also less than popular, even though agricultural production in exporting countries may be relatively more efficient by most comparisons with net importing countries. Domestic government commodity price stabilization and marketing programs are erroneously believed by farmers to be placed in jeopardy by liberalizing imports.

This article contains highlights of Dr. Berg's talk given at the Upper Midwest Conference on Agricultural Export Trade, held in Minneapolis in May.

The principal obstruction to reciprocal liberalized agricultural trade within the Atlantic Community remains the unwillingness of governments to commit their farmers and rural communities to structural and production adjustments clearly foreseen through closer and broader market competition. This unwillingness persists among major Western European governments in spite of economic logic, because their farmers sound a louder political voice on food policy questions than do their consumers; and because European political parties, particularly opposition labor parties, have long courted the rural vote as a road to majority power.

Thus, while the U.S. Government may be politically able to extend liberalized agricultural trade, direct reciprocity with Western European agriculture appears rather distant and somewhat unpromising. This is not to overlook national security measures related to food supply in times of crisis.

Agricultural efficiency varies

There are fairly substantial differences in the efficiencies of agricultural production among industrial countries. The greatest differences appear to exist in production cost for grains and oilseeds, with less differences in livestock, dairy, and poultry production when adjusted for differences in feedgrains prices. One could agree, for example, that Western Europe is increasing its agricultural output and moving toward greater self-sufficiency under high protected farm price guarantees, and expansion of comparatively inefficient production.

This protectionism, it can be agreed further, is inevitably slowing down the rate of structural adjustment in European agriculture and continuing to hold substantial land and labor resources in small farming operations. Moreover, it is speeding up adoption of technology at high investment costs that will become fixed at whatever lower marginal rates of return that more competitive prices may bring in the future. Thus, in addition to such general political expedient as a national food supply, farm income equality, and the welfare of rural communities on a status-quo basis, European agricultural protectionism is building up a hardpan of farm capitalization, during a period of overfull employment, that will demand continuing, if not increased, protection for years to come.

Regional trading blocs

To complicate further the policy issues in world agricultural trade has been the growth of regional trading blocs stimulated by preferential tariff treatment and the promise of future intra-bloc free trade.

In addition to the well-publicized European Common Market (EEC), there is as well the so-called Outer Seven, or European Free Trade Association (EFTA), including the United Kingdom, Scandinavia, Switzerland, Austria, and Portugal; the Latin American Free Trade Association

(LAFTA), covering nearly all of the South American Continent; the Central American Common Market (CACOM), possibly including Mexico in the future, and having a tie-in with its Central American counterparts; and finally, the little known and seldom mentioned CEMA, or Council of Economic Assistance, which is the East European trade preference organization.

The possibility of substantial trade diversion by customs union tariff preference, away from nonmember countries to exclusively within these trade blocs, is a serious issue at hand. Of all the developed countries in the world only the United States, Canada, Australia, New Zealand, and Japan are not presently members in one or the other of these customs unions or bloc markets.

LDC's present trade problem

But, in addition to the struggle in trying to liberalize and expand agricultural trade through the GATT negotiation among the industrialized nations, there is perhaps an even more serious special situation involved in the problems of trade with the lesser developed economies (LDC's).

Most of the basic foodstuffs of the world are produced for export in the developed countries with temperate climates—that is, north of the Tropic of Cancer and south of the Tropic of Capricorn. The great potential markets for future exports of grains and oilseeds products lie in the tropical and subtropical regions, which do not produce such commodities in any abundance but which have vast and growing populations. Grains and oilseeds products represent a source of relatively cheap foodstuffs for these people in combination with their locally produced tropical products. A major problem, however, exists regarding the development of both the agricultural and industrial sectors of these LDC tropical economies.

The terms of trade of the LDC's have steadily deteriorated in the post World War II period, in that world prices of tropical export products have generally declined relative to world prices of the temperate zone commodities and to industrial products they are compelled to import. In addition, most developed countries discriminate by tariff levels against processed or even semiprocessed tropical products in favor of importing only the raw commodities. This policy further deprives the LDC's of the opportunity to increase their foreign exchange earnings and capital accumulation by added value in processing and finishing of their export products.

Push for trade arrangements

The United Nations Trade and Development Conference (UNCTAD), which represents the LDC's of the world, is pushing hard for special trade arrangements which generally embody administered world prices and cartel trading for the tropical products they produce for export. UNCTAD argues that special trade arrangements for tropical commodities are necessary to improve substantially the LDC's terms of trade, in order to acquire the investment capital needed to develop successfully and industrialize their economies.

Such a trade agreement already exists for coffee, and has substantially increased world coffee prices. Similar agreements are under discussion for cocoa and sugar, and proposals may be expected for tea, hemp, copra, copper, tin, and other products.

While these rigid trade proposals by the LDC's do not greatly concern U.S. agriculture, improvements in the terms of the trade of these countries would strengthen their economies, and could increase our grain and other farm exports to them on more preferred commercial terms, rather than what now appear to be continuing concessional shipments.

Lower prices proposed for foodstuffs

A second part, however, of the overall UNCTAD proposals, in addition to price-increasing agreements on LDC exports, is special lower-than-world prices on the foodstuffs, particularly grains, and other raw materials on the import side of their trade balance.

An element of concern arises in the UNCTAD proposals toward administered price and cartel trade agreements, to the extent that they may become restrictive to other lines of trade, may stimulate the development and production of substitutes, and may become relatively expensive to world consumers, thereby shrinking effective demand and thus failing in the end to help effectively the LDC economies. At the same time, such developments might establish undesirable precedents for similar arrangements on commodities exported by developed countries, where their application could be damaging to the expansion of world trade and agricultural production efficiency.

The Kennedy Round of GATT trade negotiations has committed itself to the task of somehow improving the terms of trade of the lesser developed world. Concessional trade arrangements on grains to the LDC's are an important part of the special Geneva grains negotiations.

Economic development essential

From this situation, it would seem that unless economic development of the LDC's of the world is now swiftly and substantially stimulated by education, technical aid, and foreign investment, these countries will expand their attempts to do this by artificial and restrictive trade agreements.

Hopefully, the technical aid and investment route to the solution of LDC's economic development problems can be made to overpower their drive toward cartelized monopolistic trade; because, in considering the needs of the LDC's for accelerated economic development, simple improvement in their terms of trade for earning greater foreign exchange would not necessarily translate into greater investment capital formation. But, even if all increased LDC foreign exchange earnings were invested in their own economies, there would still remain the lack of technical know-how and labor skills that would subtract from the quality of such investments.

Report Issued on Italy's Almond Industry

Italy is the world's largest producer and exporter of almonds, and therefore a main competitor of California's growing almond export business. Also, Italy has an advantage in EEC markets which may tend to limit competition there.

This situation is discussed in a new report *The Almond Industry of Italy*, FAS M-174. The report, which makes a thorough study of Italy's almond production and trade, may be obtained without charge from the Foreign Agricultural Service, Room 5918, U.S. Department of Agriculture, Washington, D.C. 20250.

How Trade Is Helped by International Financing Organizations

By O. HALBERT GOOLSBY
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Today's large, prosperous, and growing export market for U.S. agricultural commodities—over $4.5 billion of commercial exports last year and the year before—would not be possible without two conditions: a stable system of international payments and the economic growth of Free World nations.

To help establish and maintain these conditions for all of world trade, in which the farm products both of developed and of developing countries have a sizable share, five international organizations have been created. They are the International Monetary Fund (IMF); the International Bank for Reconstruction and Development (IBRD, or World Bank); the International Development Association (IDA); the International Financial Corporation (IFC); and the Inter-American Development Bank (IDB).

Most crucial to the international payments system is the IMF, conceived at the end of World War II. The system of payments can become unstable when a nation or a group of nations suffers a short-term balance-of-payments problem; that is, a situation in which a nation is short of, or is rapidly losing, gold and currencies used in international trade. This can happen when, for example, its imports too greatly exceed its exports, when its debt burden is too great, or when there is a capital flight.

Variety of solutions available

To correct a balance-of-payments problem, a nation might take one or more financial measures that would impede world trade. It might devalue its currency; that is, it might increase the ratio between its currency and that of foreign nations. This would increase the price of its imports and decrease the price of its exports. Another nation might follow suit, however, and for itself partly or entirely nullify the efforts of the first nation. A chain reaction might follow whereby many nations would start devaluing their currency, causing uncertainty as to the value of one currency in relation to another.

Another measure that could be used is exchange controls that limit the amount of foreign currency an importer can obtain from his bank to pay for imports.

Or, under a multiple exchange rate system, a country can set varying rates of exchange between its own currency and that of foreign nations. The rate depends upon the type of imports, and makes some—chiefly luxury items—more expensive than others. While there is no evidence that this practice greatly hinders agricultural trade directly, it can impede world trade in general.

Convertible currencies from IMF

Rather than creating these obstacles to world trade, nations are now encouraged to borrow convertible currencies from the IMF. (Convertible currencies are those that may be exchanged for the currencies of another country without restrictions.) The country can then begin introducing into its economy procedures that will correct its balance-of-payments problems but at the same time minimize import restrictions that hamper trade.

As of May 31, over $12 billion in convertible currencies had been drawn by nearly 60 of the 103 member nations. Many of those that have drawn are large importers of U.S. farm products. Without the help of IMF their economies and their demand for goods would have been weaker.

Loans by the World Bank are mainly directed to helping its member nations build the foundation of economic growth. By promoting overall growth, it enhances the ability of foreign nations to import U.S. agricultural commodities on a commercial basis. More directly, U.S. farm exports have been assisted by loans that improved the overseas distribution of commodities. A third of all Bank loans have been for transportation improvements—railways, roads and highways, waterways, and ports.

The Bank's first loan was made in 1947. By mid-1966 it had made over 460 loans totaling over $9 billion to finance some 1,000 projects in 77 countries or territories. It now has 103 members.

IDA, an affiliate of the World Bank established in 1960, was created to meet the needs of a growing number of less developed countries whose requirements for outside capital and ability to make use of it are greater than their ability to service conventional loans. IDA credits extended to date have each been for a term of 50 years, bearing no interest and only a small service charge. Repayment is due in foreign exchange and is to begin after 10 years of grace. Thereafter only small annual repayments are due.

IDA extended its first development credit in May 1961. By mid-1966 it had granted a total of 88 development credits amounting to $1.4 billion to 32 less developed nations.

The World Bank and IDA may lend either to governments or to private entities. A vast majority of their loans, however, have been to governments for the construction of dams, irrigation canals, harbors, schools, and other facilities typically government-owned and operated.

Private investors in IFC

In contrast, the IFC was created to assist the industrial development primarily of less developed nations through investments in private enterprises. It was established in 1956 and is also an affiliate of the World Bank. It makes its investments in association with private investors—including development finance companies—but not in competition with private capital. Its authorized capital is $110 million, of which approximately $99 million has been paid in by 77 member governments. IFC investments have been for iron and steel mills, pulp and paper factories, textile mills, and food processing plants.

IDB was established to accelerate the economic development of its member nations—19 Latin American nations and the United States. Its legal existence dates from December 30, 1959, and since that time it has approved 263 loans totaling nearly $1.2 billion.

IDB meets its responsibility by promoting and encouraging investments of public and private capital and by utilizing its own financial resources. Its functions are similar to those of the World Bank and its affiliates, but IDB directs its entire effort to the problems particular to nations of the Western Hemisphere.

Why Some Caribbean Producers Have Stopped Growing Sugar

By BERNARD DE VERTEUIL
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Ravaging insects, untimely rains, and the lowest prices in 25 years have put sugar production into another slump in the Caribbean. Large producers such as Cuba, Jamaica, and the Dominican Republic are absorbing financial losses and waiting for better times, but several of the smaller islands are finding it more advisable to pull out of sugar production altogether.

In fact, some of the marginal sugar producers in the South Caribbean—Trinidad, Barbados, Martinique, Guadeloupe, St. Kitts, St. Vincent, St. Lucia, and Antigua—have become sugar importers in recent years.

Sugar has always been the traditional crop and economic mainstay of many of the small islands, since the climate is right and the crop will grow—if inefficiently—with minimum care. But adverse weather and dips in prices too often have made sugar-growing unprofitable. In 1964, for example, hurricanes wiped out about 28 percent of Cuba's sugar, and world prices hit an alltime high. In the last 2 years, however, cane and beet production in Cuba and elsewhere has gained steadily and prices have gone into a tailspin.

Production costs high

Sugar is an expensive crop to grow in the Caribbean. Sugar content in Caribbean cane is so low that it takes 10 tons of cane to produce a ton of sugar—in Australia it takes 7. Yield per acre is also low. Only two of the marginal producers—St. Kitts and Barbados—can produce more than 3.5 tons of sugar per acre. This figure compares unfavorably with Australia where the average yield per acre is in excess of 7 tons of sugar, and Hawaii which obtained yields varying from 8.78 tons of sugar per acre in 1950 to 10.46 tons per acre in 1964.

Unlike big producers who grow much of their sugar on large estates, the small islands grow a large amount of their crop on small holdings, unsuited to the mechanical harvesting which has upped efficiency elsewhere.

Unwilling to cope with production problems any longer, both St. Vincent and St. Lucia have shifted from growing sugar to growing bananas. In Antigua, sugar represents about 80 percent of domestic production and a livelihood for more than 80 percent of the population. But in 1965 Antigua's sugar production dropped by 12,000 tons from 26,000; the latest estimate for 1966 is 75,000 tons. As a result, the island is desperately trying to diversify its agriculture.

The future of sugar in Martinique and Guadeloupe will to a large extent depend on protection from the European Economic Community of which—as overseas Departments of France—they are members. Even though the industries of both islands are heavily subsidized by the French Government in an effort to keep them going, the islands are expected to diversify their agricultures away from sugar in the near future. Barbados and St. Kitts can be expected to continue growing sugar for some time, particularly so long as Commonwealth protection is extended to them.

Above, Brechin Castle sugar mill located near Couva, Trinidad; below, traditional hand harvesting of sugarcane.

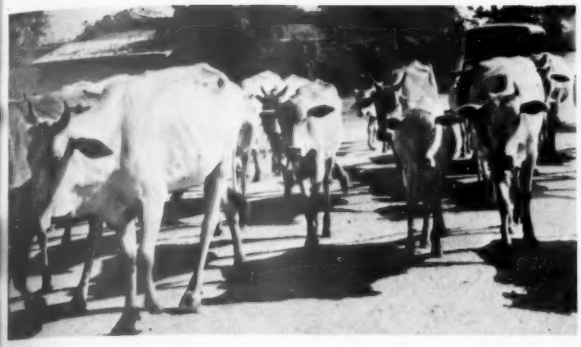
In Barbados, sugar production will probably stabilize at current levels with perhaps some cutbacks in acreage.

Research and mechanization in Trinidad

Trinidad—the largest of the South Caribbean sugar producers—while making strong efforts to keep in the sugar business, is also considering diversification.

Large industrial companies on the island are making a special effort to promote and eventually diversify Trinidad's agriculture to avoid a serious unemployment problem that would result should the sugar industry shut down.

Research and technical assistance have helped cut costs in some areas of Trinidad's sugar industry: Insect pest control has gone down from about $35 per acre to close to $11 and, with the use of herbicides, the cost of weeding has gone from $24 per acre to $7. Where the terrain has been suitable (about 20 percent of the acreage in sugar) mechanical harvesting has cut labor cost. However, Trinidad's Central Experiment Station claims that the island's sugar industry may have reached maximum efficiency with regards to yield. This year's final crop is 209,717 long tons—down 41,000 tons from the alltime high of 250,852 tons last year—and the industry may not meet expenses.



Clockwise from above left: cattle are herded down an upcountry highway; U.S. Agricultural Attaché Sam Work (center) with owners of prize-winning calves at a livestock show; cattle being used as draft animals, their primary function.

Thailand Steps Up Livestock Improvement Program With U.S. Stock

By T. PREMSOONTORN
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The Government of Thailand's program to improve the country's livestock industry—launched back in 1954—has been stepped up this year with the authorization of 3 million baht (about $150,000) for the purchase of registered breeding stock, half of it to be spent in the United States for beef cattle and swine. The sum for these foreign purchases is expected to be doubled in the next fiscal year.

To help Thailand select U.S. breeding cattle for its development program, FAS recently sponsored the trip to the United States of two officials from the Department of Livestock Development of the Thai Ministry of Agriculture. The visitors purchased 50 American Brahman and 50 Santa Gertrudis, now on their way to Thailand. During the officials' visit, the Thai Government also ordered 20 Duroc and 16 Landrace swine from U.S. breeders. Further purchases are planned for next year.

The animals will be kept at the government's livestock station and their offspring sold to farmers at cost. Aiming to help farmers as much as possible, the government services the animals free of charge after they have been sold.

When the development project began 12 years ago, Thailand imported American Brahman and Pakistan Red Shindi beef breeding cattle, Brown Swiss dairy cattle, and Berkshire, Duroc Jersey, and Hampshire swine under its Foreign Operation Administration Aid Program. Holstein and Brown Swiss sires were imported later, and several artificial insemination centers set up. However, lack of funds slowed the project considerably.

Cattle used as draft animals

Thailand lacks large ranches like those in the western United States, and cattle are found by ones and twos on small farms. Along with water buffaloes, they are used as draft animals and slaughtered when they become too old to work. This results in a flow of low-quality meat to consumers—whose intake of red meat averages less than 5 pounds per capita annually—and limits exports of live cattle and buffaloes. Cattle are small, with carcass weight running about 500 pounds. That of buffaloes runs up to about 650 pounds.

Most cattle are of local breeds, with no pedigree selection or control. If they are fed at all, it is done inadequately and unscientifically. Pens or quarters, if available, are not properly arranged, and farmers lack knowledge of disease control and prevention. The country has no official program for pen beef production, as farmers are demanding larger draft animals, and existing legislation—setting high minimum ages for livestock to be slaughtered—does not allow for changing market conditions.

Thailand's swine industry is only slightly organized. Although the country has a few large breeders and producers, most farms generally have just one sow. Production emphasizes fat or lard-type hogs since lard is a principal cooking fat in Thailand.

Dairy industry small

Dairying in Thailand is limited to a few farms of mixed-breed dairy cattle—about 8,000 head in all—operated by Indian dairymen around Bangkok. Production is low and under unsanitary conditions. However, interest in dairying is rising, and the Ministry of Agriculture has established a dairy program in cooperation with Denmark, which has donated Red Danish cattle. Australia has contributed Jerseys to the program, and West Germany, black and white cattle.

In recent years, Thailand's imports

of dairy products have been valued at about $25 million—with sweetened and condensed milk accounting for about half. Both foreign and domestic investments have concentrated on these products, but the two condenseries in operation must rely on imported raw materials because of the low domestic output of fluid milk. However, once local production gets underway, Thai producers can be sure of a market for their milk.

Thailand's poultry industry is fairly well organized. Development in the past 10 years has concentrated mainly on egg production, with the broiler industry just in its childhood. About 10 prominent foreign breeders have representatives in Thailand, 8 from the United States.

Two modern poultry and meat processing plants are now in operation in Thailand. The Bangkok plant can process 16,000 birds, 1,600 hogs, and 250 cattle per 8-hour day. Combining slaughtering and canning operations, the upcountry plant has a capacity of 4,000 birds, 400 hogs, and 200 cattle per 8-hour shift. This plant is similar to U.S. meat packing and processing plants and has never been run at full operating capacity.

Livestock feeding minimal

While several plants in Thailand produce mixed feeds for poultry, the country has no beef or dairy feeding program, and only a few hog producers buy mixed feeds. Cattle feed mainly on roughage like Bermuda grass, Johnson grass, and Pará grass, with no or only a small amount of concentrate—mainly rice bran, rice brokens, small ground corn, and bean cakes.

Thailand currently exports about 95 percent of its feedgrains. In 1965 exports amounted to about 840,000 tons of corn and 53,000 of sorghum. Vitamin and mineral supplements—used mainly for hogs, cattle, and poultry—are imported, and ample protein supplements are available.

The cattle, hog, and poultry industries could develop more rapidly if more feeds were kept at home rather than exported. To bring about control over the gradually increasing feed trade, legislation pertaining to animal feeds was enacted last year. However, until farmers receive some training in feed use—perhaps through seminars, demonstrations, and similar activities—this is unlikely to occur.

CCI's 1967 Idea Collection Debuts in Cologne

Part of the 1967 collection on the drawing board.

The European fashion trade and press got its first look at Cotton Council International's 1967 idea collection of men's leisure wear last week at a press conference just prior to the opening of the annual Men's Wear Fair in Cologne, Germany.

Created by designers from Rome, Stockholm, and London, idea-collection styles, along with patterns, were offered to leading European manufacturers on an exclusive national basis. The garments presented at Cologne were manufacturers' adaptations of the original collection, made up in pure cotton fabrics.

This year, 62 manufacturers in 12 countries produced 236 garments based on idea-collection designs. Last year's figures were 37 manufacturers, 11 countries, and 168 garments.

A new feature of this year's presentation was the use of color slides to bring details of the garments into sharper focus. Improved lighting facilities were also added.

Also for the first time, a small group of women's leisure outfits was included in the collection. However, the idea collection project will continue to emphasize men's wear, with women's casuals being promoted in a separate project featuring ready-to-wear garments from leading manufacturers' own lines. A group of these was presented to the European fashion press in San Remo, Italy, last spring. This fall, retailers and journalists will see them at Vestirama, a new general apparel trade fair scheduled to run October 1-5 at the International Centre Rogier, Brussels, Belgium.

Manchester-Liverpool Fortnight Boosts Sales 158 Percent

The 420 stores which participated in last May's American Food Fortnight in the Manchester-Liverpool area of the United Kingdom report a 158-percent rise in sales of U.S. foods during the 2-week in-store promotions. From combined sales valued at $14,-616 in the 2 weeks preceding the campaign, the figure rose to $37,724 for the fortnight.

Tallies from the seven cooperating chains show soaring sales of several items, among them canned fruit cocktail, prunes, raisins, dessert topping, and cranberries. For one chain, the value of fruit cocktail sales was 12 times that of the previous 2 weeks, and for other groups, 10 and 5 times. One chain which sold none the 2 weeks before reports $756 in sales.

Whipped dessert topping was also among the best sellers, with four store groups reporting increased sales of from 100 to 600 percent by value. While sales of prunes were good among all participating store groups, they jumped 750 percent for one chain and 500 percent for another. Raisins, too, were prime sellers, with one chain showing an eightfold increase. This same chain realized a sixfold increase in sales of cranberries.

The American Food Fortnight was sponsored by the U.S. Department of Agriculture in cooperation with various food industry groups.

U.K. Millers Give Guarantee on Wheat Crop

The president of the National Association of British and Irish Millers said recently that Britain's flour-milling industry will do its utmost to take at least 1.4 million tons of the forthcoming domestic wheat crop. The president went on to say that offtake from the 1965-66 crop had been around 1.7 million tons, which, he said, was particularly satisfactory in view of the inferior quality of much of last year's grain.

Additional support for home-grown cereals has also come from the president of the Compound Animal Feedingstuffs Manufacturers National Association, who said that his industry was now a very big user of home-grown wheat and barley—taking an estimated 1.6 million and 1.9 million tons of each in 1965-66. He commented that this underlined the increasing importance of wheat as an ingredient in high energy rations.

The president said, however, that he was somewhat concerned about the forthcoming U.K. barley crop, which is expected to set another new record. The fall in the size of the pig population might mean that there could be some difficulty in disposing of barley production. He went on to say that a thriving livestock industry provides a much more reliable market than the export trade, which is subject to many unknown factors.

Germans Breed Barley Variety Without Awns

According to the German grain trade newsletter *VWD-Getreide*, a well-known plant breeding firm in Germany is experimenting with a new awnless barley variety.

The new six-rowed barley was developed from a Chinese native variety and many efficient German varieties; it is said to be quite different from the long-awned varieties. The breeding aim is to have a barley that is easier to harvest and better to store, since the awns tend to clog the feeding ducts in combines and elevators.

The breeders are not yet fully satisfied with their development, despite satisfactory yield, since the new barley is not completely free of awns and is susceptible to lodging. It may take a few more years to fully achieve their aim.

Poor Lentil Crop Seen in Near East Countries

Unofficial estimates place the 1966 lentil crop in Syria at one-third the level of last year's outturn of 1.8 million bags. Similar sources put the crop in Turkey at between 375,000 and 600,000 bags. Normally Turkey produces nearly 2 million bags.

Turkey and Syria are among the larger exporters of lentils into Western Europe in competition with the United States. Syrian exports have totaled over a million bags in each of the last 2 calendar years; Turkey has exported between 200,000 and 300,000 annually. These compare with half a million bags exported from the United States.

Reports of weather conditions in the Mediterranean Basin seem to confirm poor lentil output this year. The weather trouble spots are in Morocco, Algeria, Tunisia, and Libya—where most crops will prove smaller than in 1965—and in Iraq, Syria, and Jordan. Most of these countries are exporters of lentils.

Record EEC Cocoa Bean Imports

Reflecting record world supplies and postwar low prices, imports of cocoa beans by the EEC during 1965 totaled 408,805 metric tons, up 12 percent over the record 1964 level. Imports from the Associated Overseas Territories (mainly the Ivory Coast, Cameroon, and Togo) amounted to 186,352 tons, 45 percent of the total, compared with a 41-percent share in 1964.

The Associated Overseas Territories are allotted duty-free entry, while third countries are subject to a 5.4 percent levy for cocoa beans.

Nigeria recently concluded negotiations for association with the EEC. Under the arrangement, Nigeria will be afforded duty-free entry for cocoa beans subject to a quota equaling Nigeria's average exports to the Community during 1962-64 (77,620 tons). Any quantity over the assigned quota would be subject to duty. During the first year of the agreement, quotas will be increased by 6 percent, and in subsequent years by 3 percent, until the arrangement expires May 31, 1969.

Japanese Milk Production Continues To Expand

According to the Ministry of Agriculture and Forestry, milk production during the first half 1966 totaled 3.8 billion pounds, up more than 6 percent from the same period in 1965.

Of the total produced, 2.1 billion pounds was consumed as fluid milk, up 14 percent from a year earlier. Milk utilized for processing rose one-half of 1 percent compared with the first 6 months of 1965. During the first 6 months consumption of fluid milk accounted for 55 percent of total output. This indicates that consumer demand for fluid milk is rising at a more rapid rate than production, leaving proportionally less for manufacturing use. The reduction in supplies for manufacturing purposes has necessitated increased imports of manufactured dairy products, notably nonfat dry milk, butter, and cheese (see *Foreign Agriculture*, June 13, 1966).

Turkey Produces Near Record Filbert Crop

Turkey's 1966 filbert crop now being harvested is estimated at 200,000 short tons, in-shell basis. The 1965 crop is estimated at 75,000 tons, as compared to the record 1964 crop, officially set at 215,000 tons.

With the carryover stocks of crop nuts from 1964 and 1965 on October 1 expected to be about 20,000 tons, total supplies available for export will be even larger than in 1964, when the carrying of old-crop nuts was only about 1,000 tons.

Although Turkey will not impose a minimum export price this year, producer prices are to be supported at 5 lira per kilogram which is approximately equivalent to an f.o.b. price of 49.9 U.S. cents per pound. The August 6 quotation for shelled Kerassundes was 48.3 cents f.o.b.

for September-November shipment of 1966 nuts as compared with a quotation of 46.7 cents on August 1, 1964, and a price of 48.3 cents for new-crop nuts on August 7, 1965.

TURKEY'S FILBERT SUPPLY AND DISTRIBUTION

Item	1964-65	Prelim-inary 1965-66	Forecast 1966-67
	1,000 short tons	*1,000 short tons*	*1,000 short tons*
Beginning stocks (October 1)	1.0	64.0	20.0
Production	215.0	75.0	200.0
Total supply	216.0	139.0	220.0
Exports	144.8	110.0	150.0
Domestic disappearance	7.2	9.0	10.0
Ending stocks (September 30)	64.0	20.0	60.0
Total distribution	216.0	139.0	220.0

September-June exports totaled only 2,667 short tons of in-shell and 40,180 tons of shelled filberts (83,200 in-shell basis), compared to 114,000 tons in-shell basis during the same period a year earlier. However, sales are expected to pick up considerably in July and August because of greatly reduced prices on remaining 1964-crop nuts. As a result, shipments for the entire season should total 110,000 tons or more.

Average Turkish Raisin Pack Forecast

A near-average 1966 raisin pack of 85,000 short tons is forecast for Turkey. Though slightly higher than the 5-year (1960-64) average of 82,200 tons, the forecast is well below last year's record pack of 130,000 tons. Frost and mildew damage this year reduced the potential for a large 1966 crop.

Turkish trade sources generally believe that about 15 percent of this year's pack will be of small or medium sizes; these are usually sold for $10 less per metric ton than the minimum price for basic sizes set under the International Raisin Agreement.

Future sales of the 1966 crop began July 14. The 1966 raisin market was expected to officially open for business about August 20.

Through June 25, 1966, about 83,400 tons had been registered for export for the 1965-66 season as against 71,900 tons registered a year earlier for 1964-65 exports.

Turkish Fig Crop Large

The 1966 dried fig pack in Turkey is tentatively forecast at 65,000 short tons, possibly the largest pack ever recorded there. Some estimates are even higher. The 1965 pack was a near-average 49,000 tons (1960-64 average, 49,800 tons).

Fig exports will not be subject to minimum export prices in 1966-67. Some exporters believe it will be possible to export at lower prices than last season's minimum of 15 U.S. cents per pound c.i.f. New York. Although it is too early to predict 1966-67 fig paste exports, Turkish traders do expect to sell more fig paste to the United States than in any of the past four seasons.

Greek Raisin and Currant Supports Raised

The recently announced Greek support prices for 1966-crop raisins and dried currants (see *Foreign Agriculture*, Aug. 22) have been increased by 0.76 cent per pound. The so-called security prices, i.e., those guaranteed to Greek growers, are now as follows (converted to U.S. cents per lb.):

SULTANAS	*U.S. cents per pound*
Grade	
1	16.6
2	16.2
4	15.9
5	15.4

CURRANTS	*U.S. cents per pound*
Producing area	
Aegion	15.7
Corinthia	15.2
Patras, Ionian Islands	15.0
Amalias & N. Trifyllias	14.8
Remaining N. Blias & Pylias	14.7
Remaining N. Messinias	14.4

The most recent 1966-crop forecasts now indicate the raisin crop at 98,000 short tons (108,000 tons in 1965) and the dried currant crop at 100,000 tons (87,000 tons in 1965).

Canadian Cotton Use Lower in June

Canadian textile mills opened 30,535 bales of cotton in June, compared with 37,151 in June of 1965. Consumption in the August-June period of 1965-66 was 430,548 bales, compared with 428,891 a year earlier. The decline in activity is attributed to prolonged strikes in four Quebec mills.

Sudanese Cotton Estimate Lowered

The 1965-66 Sudanese cotton crop estimate has been revised downward to 685,000 bales (480 lb. net), slightly below the 700,000 bales produced in 1964-65. Shortages of irrigation water and rainfall in the Gash and Tokar Deltas and in the Nuba Mountains reduced production sharply in these regions. These declines were almost offset by increases in the Gezira and White Nile Schemes. Area in cotton this season was 1,090,000 acres, slightly less than the 1,110,000 acres in 1964-65.

Largely because of the Western European mill holidays and the uncertainties associated with the formation of the new Sudanese Government, trading on the Gezira Board has been extremely light in recent weeks. More than 50,000 bales of Sakel-Lamberts from the 1964-65 crop and sizable stocks from the current crop remain unsold.

Activity Increases in Italian Cotton Industry

The Italian cotton textile industry has shown definite signs of recovery from the recession levels of the past 2 years. Imports in the August-March period of 1965-66 reached 669,000 bales, 16 percent above the 579,000 bales imported in the same period of 1964-65 but slightly below average imports of 680,000 bales in this period of the past five seasons.

Quantities imported from principal suppliers in August-March of 1965-66, in thousands of bales, with 1964-65 figures in parentheses, were Mexico 237 (65), Turkey 117 (81), United States 86 (263), Egypt 51 (41), Sudan 27

(20), USSR 21 (15), and others 111 (94).

Cotton consumption in the August-February period of 1965-66 was 528,000 bales, compared with 516,000 in 1964-65. While statistical data are not yet available for the remainder of the season just ended, there have been indications that consumption during the full 1965-66 season reached 950,000 bales, compared with 900,000 in 1964-65 and the average annual consumption of 1,025,000 bales in the past five seasons. In the December-March period of 1965-66 exports of cotton yarns, threads, and fabrics exceeded imports of these items by 7,852 metric tons, against 5,424 tons in the same period of 1964-65.

Philippine Exports of Copra, Coconut Oil

Registered exports of copra and coconut oil from the Philippine Republic during January-July 1966 totaled 509,109 long tons on an oil-equivalent basis, 40 percent above the 363,531 tons registered in 1965. Exports of copra rose 39 percent and those of coconut oil, 42 percent.

Malawi Flue-Cured Tobacco Sales Complete

Sales of the 1966 crop of flue-cured tobacco from Malawi (formerly Nyasaland) were completed in early July. About 2.7 million pounds were sold at an average price equivalent to 57 U. S. cents per pound. The 1965 crop also totaled 2.7 million pounds but was sold at an average of only 38 cents. The 1967 harvest may be over 3 million pounds.

Fire-cured is the most important kind of tobacco produced in Malawi. Sales of Southern Division fire-cured were completed July 4 and totaled 4.8 million pounds at an average of 18 cents, compared with 8.1 million at an average of 21.6 cents in 1965. This difference reflects the lower quality of the 1966 harvest. Sales in the Northern Division are continuing and will not be completed until some time in September. As of mid-July, 7.8 million pounds had been sold at an average of 28 cents per pound. Prices in the same period of 1965 were about 2 cents lower.

For burley, sales through mid-July totaled about 4 million pounds at 29 cents per pound. The volume and price were similar to those of the same 1965 period.

India Ships Less Tobacco

Exports of tobacco from India in the first quarter of 1966 totaled 11.9 million pounds, compared with 23.2 million in the same period last year. Major decreases occurred in exports to the Soviet Union and the United Kingdom. The Soviet Union took no Indian tobacco this year, against 7.1 million pounds a year earlier.

Congo's Cigarette Output Up

Cigarette output in the Congo (Kinshasa, formerly Leopoldville) during 1965 totaled 2,796 million pieces, compared with 2,056 million in 1964 and 3,573 million in 1963. Production of cut tobacco, mainly for pipes, rose to 4,231 pounds from 1,598 pounds for 1964.

U. K. Cigarette Exports Continue Rising

The United Kingdom's cigarette exports for the period January-May 1966 totaled 12.7 million pounds—up 16 percent from January-May 1965. Larger shipments to Aden, Togo, Kuwait, Iraq, and the Canary Islands accounted for most of the gain. Kuwait purchased 2.8 million pounds in the first 5 months of this year—22 percent of the total.

U. K. imports of cigarettes in January-May were 509,000 pounds, with the United States furnishing 290,000.

Cattle Hide Exports Up Slightly

Export of cattle hides from the United States totaled 7.0 million pieces through the first 6 months of 1966, a 4½ percent increase over the same period last year.

Exports in each of the first 3 months were well above the corresponding months in 1965. In April the rate dropped sharply below the previous year, and it remained below during May. In June 1.35 million pieces were exported, up 11 percent from June of 1965, bringing the 1966 total through June above the same period in 1965—a period when exports were at record levels.

Exports to Canada for January-June passed the million mark and were 3 times as large as in the first 6 months of 1965. The monthly rate of exports to Canada from March through June was nearly four times the average monthly rate in 1965.

Calf skin exports totaled 1.1 million pieces through June, also above the level of shipments for the first 6 months last year. The monthly rate of exports during April-June was down sharply from that of January-March.

U.S. EXPORTS OF HIDES AND SKINS

Commodity and country	Average 1956-60	Annual 1964	Annual 1965 [1]	January-June 1965	January-June 1966
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle hides:					
Canada	641	771	676	345	1,037
Mexico	505	1,084	1,217	626	243
Germany, West	625	1,272	1,235	590	358
Italy	118	414	624	436	197
Netherlands	874	1,543	1,705	922	657
Spain	12	263	363	155	129
United Kingdom	181	316	606	427	220
Poland	95	89	227	114	220
Romania	0	0	242	111	208
Yugoslavia	173	4	112	9	35
USSR	66	199	922	271	767
Japan	1,528	3,810	3,777	1,983	2,399
Turkey	177	469	351	118	100
Others	573	1,268	1,252	635	478
Total	5,568	11,502	13,309	6,742	7,048
Calf skins					
Canada	613	156	233	122	198
France	53	46	79	26	7
Germany, West	272	81	104	48	90
Italy	204	423	467	241	181
Netherlands	168	207	324	151	105
Switzerland	53	14	13	3	0
United Kingdom	62	131	116	66	38
Japan	354	783	386	205	370
Others	87	270	263	109	134
Total	1,866	2,111	1,985	971	1,123
Kipskins					
Canada	7	37	85	20	11
Mexico	26	33	11	5	1
Belgium and Luxembourg	22	2	12	4	10
Germany, West	258	31	75	37	54
Netherlands	115	24	82	47	56
Hungary	16	4	41	22	35
Japan	277	74	53	19	38
Others	122	75	115	43	78
Total	833	280	474	197	283

[1] Preliminary.
Bureau of the Census.

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Highlights of the Agriculture and Trade of Brazil

Resources:—Brazil covers an area of 3,286,170 square miles, which is larger than the continental United States, excluding Alaska. Population, growing at an annual rate near 3 percent, reached a total of 82.2 million in June 1965. The rural population was approximately 55 percent of the total in 1960. Gross National Product (GNP) for 1965 was $21.4 billion, or $261 per capita.

Agriculture:—According to the USDA index of production, agricultural output reached a record level in 1965, nearly 30 percent above the 1957-59 average. Agriculture remains the predominant economic activity, providing 28 percent of gross national product and employing 41 percent of the labor force. Approximately 5 percent of the total land area is under cultivation, with another 12 percent in natural pastures. Brazil ranks third among all countries in cattle numbers, but crops provide for more than three-fourths of the total value of farm production. Coffee, cotton, and sugar are the major commercial crops which account for about one-third of crop production, while basic food crops including corn, rice, beans, and yuca provide another 46 percent.

Food situation:—Average daily caloric intake for 1959-61 was estimated at 2,710 calories per capita but consumption levels are much lower in the arid Northeast region. Protein intake was about 2.2 ounces per day, one-third of which is animal protein. In recent years, a slight rise in consumption levels has been in grains, starchy crops, and sugar, which account for about 70 percent of the average caloric intake.

Foreign Trade:—Brazilian trade in minerals has grown in importance but agricultural products accounted for an average of 84 percent of total exports, valued at $1.3 billion for 1960-64. Agricultural imports have been rising, with an average value of $246 million, approximating 17 percent of the total. Coffee, cotton, sugar, and cocoa beans accounted for 83 percent of agricultural exports. Wheat and flour were two-thirds of total agricultural imports but barley, malt, fruits, and vegetable oils are also important. The United States represents the largest single market for Brazilian exports, taking about one-third of the total in 1964. The West European nations accounted for 37 percent and Latin America for 10 percent of total exports.

Agricultural Trade With the United States:—In 1964, agricultural exports from Brazil to the United States were valued at $421 million or 36 percent of total Brazilian agricultural exports. The United States is the principal market for coffee and cocoa beans and is important for sugar, brazil nuts, and other tropical products. In 1964, Brazilian agricultural imports from the United States were valued at $164 million, or 54 percent of total Brazilian agricultural imports. Brazil imported about two-thirds of its import requirements for wheat from the United States during 1960-64. Other U.S. agricultural commodities imported by Brazil include hops, pulses, fats and oils, and processed dairy products.

Factors Affecting U.S. Agricultural Trade:—Commercial exports are licensed, and a contribution quota for foreign exchange earnings is required for coffee, cocoa beans, and cocoa products. Coffee exports are restricted by the annual quota established by the International Coffee Agreement, fixed at approximately 17 million bags for 1965-66. Import tariffs are relatively high, ranging upward to 60 percent of c.i.f. value on agricultural products. Imports of agricultural and other products, not in the essential category, are restricted or prohibited by import licenses, prior deposit, and special restrictions upon use of foreign exchange. Government imports, which include all wheat, are exempt from duty and special restrictions. Commercial imports of commodities including nonfat dry milk and fresh fruits were recently placed in the essential import category. Deposit and special exchange restrictions do not apply to imports from other members of the Latin American Free Trade Association (LAFTA). Brazil has negotiated bilateral duty reductions with other LAFTA members on agricultural commodities including fruits, raisins, barley and barley malt, corn, and hops.

—SAMUEL O. RUFF
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